GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:303
ANSWERED ON:24.07.2001
LOSSES IN CIL AND ITS SUBSIDIARIES
BALIRAM

Will the Minister of COAL be pleased to state:

(a) whether the Coal India Limited and its subsidiaries have suffered losses worth crores of rupees during the last few years;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government have recently overhauled the administrative set up of the Coal India Limited;

(d) if so, the details thereof and its likely impact on the losses of the company ; and

(e) the other steps the Government propose to take to check the losses of CIL?

Answer

MINISTER OF STATE FOR COAL (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) Coal India Limited has not suffered losses during the last few years. However, some of its subsidiaries namely, ECL, BCCL and CCL have suffered losses. All other subsidiaries, namely, WCL, SECL, MCL and NCL are earning profits.

(b) Profit (+) and loss (-) of Coal India Limited and its subsidiaries for the last three years are given below:

(Rs.in crores)

Company	1999-2000 Profit(+)/Loss(-)	1998-99 Profit(+)/Loss(-)	1997-98 Profit(+)/Loss(-)
ECL	(-)728.23	(-)472.47	(-)541.89
BCCL	(-)692.32	(-)442.34	(-)140.91
CCL	(-)121.24	(-)149.35	(-) 85.67
NCL	(+)936.87	(+)802.14	(+)759.34
WCL	(+)405.86	(+)476.58	(+)628.29
SECL	(+)455.34	(+)676.55	(+)693.20
MCL	(+)607.65	(+)601.31	(+)654.11
CMPDIL	(+)0.71	(+)0.63	(+)3.30
CIL/NEC	(+)581.18	(+)606.20	(+)540.82

The main reasons for losses in ECL, BCCL & CCL are
(i) existence of a large number of small underground (UG) mines which were no longer amenable to significant increases in productivity,
(ii) low productivity from UG mines as compared to successive increases in wages,
(iii) surplus manpower,
(iv) adverse geo-mining conditions and

(v) problem of land acquisition and resettlement of land oustees affecting production from a few large coal mines.

(c) No, Sir.

(d) Does not arise in view of reply to part (c) above.

(e) In February, 1996, a package for capital restructuring of CIL was approved by the Government whereby CIL's overdue liabilities of

Rs. 2,228.57 crores were taken care of by waiver of arrears of interest, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCL. Further, in order to improve the performance of the loss making companies of ECL and BCCL, CIL had effected an internal restructuring of the equity and loan structure of its subsidiaries, whereby debts of Rs. 994 crores in ECL and Rs. 1,180.70 crores in BCCL were converted into equity.

Despite a number of measures taken to improve the financial position of the loss making companies, these companies continue to incur losses. Therefore, Coal India Limited, the holding company, has engaged Industrial Credit and Investment Corporation of India Limited (ICICI) to suggest measures for revival of ECL. The ICICI report on ECL revival has been received. As regards BCCL and CCL, CIL Board has engaged ICICI and IDBI respectively for suggesting revival plans for BCCL & CCL.